

# WASHINGTON ENVIRONMENTAL COUNCIL

PROTECTING OUR LAND, AIR & WATER

1402 Third Avenue, Suite 1400  
Seattle, Washington 98101

(206) 631.2600 TELEPHONE  
(206) 622.8113 FAX

wec@wecprotects.org  
www.wecprotects.org

August 27, 2012

Greg Nothstein  
Washington Department of Commerce  
1011 Plum Street NE  
PO Box 42525  
Olympia, WA 98504

Re: Revisions to the Washington Emissions Performance Standard and its related Draft Reliability and Cost Analysis

Dear Mr. Nothstein,

I am writing this letter on behalf of the Washington Environmental Council (WEC). Having been involved in the development of the Emissions Performance Standard (EPS) legislation that passed in 2007—RCW 80.80.040 and related sections—as well as being actively engaged in the stakeholder process to revise and update the EPS this year, WEC welcomes the opportunity to provide comments on the both the proposed EPS revision and the 2012 Reliability & Cost Analysis.

## Intent & Requirements of Washington's EPS

In enacting the EPS in 2007, the Legislature stated a clear intent “to authorize immediate actions in the electric power generation sector for the reduction of greenhouse gases emissions” and to “take sufficient actions so that Washington meets its responsibility to contribute to the global actions needed to reduce the impacts and the pace of global warming.”<sup>1</sup> In furtherance of those objectives, the Legislature directed Commerce to survey “new combined-cycle natural gas thermal electric generation turbines commercially available and offered for sale by manufacturers and purchased in the United States” in order to “**adopt by rule** the average available greenhouse gases emissions output [of those turbines] **every five years** beginning five years after July 22, 2007.”<sup>2</sup> The Legislature further established that “[b]eginning July 1, 2008, the greenhouse gas emissions performance standard for all baseload electric generation for which electric utilities enter into long-term financial commitments on or after such date is **the lower of:** (a) One thousand one hundred pounds of greenhouse gases per megawatt-hour; **or (b) The average available greenhouse gas emissions output as determined under RCW 80.80.050.**”<sup>3</sup>

<sup>1</sup> RCW 80.80.005

<sup>2</sup> RCW 80.80.050 (emphasis added)

<sup>3</sup> RCW 80.80.040 (emphasis added)

Together, these statutory references require the development of an EPS that periodically evaluates the emissions performance of new combined-cycle natural gas turbines marketed and sold in the United States so that technological advances that reduce greenhouse gas emissions from those turbines are recognized in the standard for baseload electricity generation in Washington.

### **Considerations of Cost & Reliability**

As part of the EPS's development, the legislature required that Commerce, in collaboration with other entities, "**consider** the effects of the greenhouse gas emissions performance standard on system reliability and **overall costs** to electricity customers."<sup>4</sup> Some stakeholders in this process have interpreted the term "consider," and the remaining guidance in this provision, as requiring an extensive technical and econometric evaluation of the entire electricity landscape in the state of Washington and perhaps the entire Western Electricity Coordinating Council's geographic territory. Based on a plain reading of the statutory language and the overall context of the statute, WEC does not believe that this was the Legislature's intent.

Nevertheless, as WEC indicated in comments previously submitted together with the Northwest Energy Coalition and Climate Solutions as part of the current stakeholder process for evaluating the EPS, an examination of the standard is in line with the increased understanding that carbon in a utility's portfolio poses significant risks to the region, state, and customers. It is increasingly accepted that utilities and carbon-intensive corporations must account for both the likely future costs of carbon and the risk of future litigation focused on climate-related damages, and must disclose the liabilities that those entail. Certainly "overall costs" would also include all environmental damages, both internal and external, associated with greenhouse gas emissions and a review of whether or not these liabilities could be minimized with a more stringent performance standard. This interpretation is consistent with the Legislature's intent, as expressed in RCW 80.80.005(4)(b): "It is vital to ensure all electric utilities internalize the significant and underrecognized cost of emissions and to reduce Washington consumers' exposure to costs associated with future regulation of these emissions..."

Consistent with this understanding, if the Reliability & Costs Analysis draft dated July 2, 2012 is to be updated, WEC strongly encourages Commerce to evaluate all of the related environmental and climate impacts, costs and potential liabilities associated with a higher or lower EPS and not rely merely upon an analysis of non-environmental or climate related costs.

### **The Big Picture**

In the survey developed by Commerce, fourteen existing combined-cycle natural gas facilities providing electricity in Washington were evaluated (including one facility that has been run as simple cycle and another facility that is proposed, but not yet constructed). Of those fourteen facilities, eight facilities are 10 years old or less. As part of this stakeholder process, a number of utility representatives have indicated in public meetings that the functional life of a combined-cycle natural gas facility is approximately 20 years, perhaps 25 years at the maximum. For these

---

<sup>4</sup> RCW 80.80.040 (11) (emphasis added)

eight facilities that are younger than or roughly at the middle point of their remaining useful lives, all are operating well below the proposed standard of 925 – 975 lbs/MWh.<sup>5</sup> Of the plants evaluated, three do not conform to the revised EPS; these three plants are 18 or 19 years old and approaching the end of their useful lives.<sup>6</sup> According to the survey produced by Commerce, the facilities meeting the proposed standard represent 86% of the rated natural gas electric generating capacity providing baseload power in Washington.<sup>7</sup> Further, the three aging (and relatively high GHG emitting) plants can continue contributing power for the needs of Washington's electricity customers. . . just not as baseload providers.

Given the age of these nonconforming plants, their relative contribution to natural gas generating capacity as indicated above, the overall percentage of baseload capacity that is supplied by combined-cycle facilities,<sup>8</sup> the fact that they will not be prohibited from operating to provide power to Washington customers, and the existence of the statutory exception to the EPS in cases of emergency,<sup>9</sup> it stretches credulity that concerns of reliability or cost would result in an “overall” risk to Washington utility customers that makes the proposed EPS untenable.

## **Conclusion**

The Washington Environmental Council believes that the analysis provided by Commerce, along with the extensive stakeholder engagement process that has taken place this summer, supports a finding that the proposed EPS of 925 -975lbs/MWh will not detrimentally impact the cost or reliability of power in Washington. The revised EPS will, however, contribute to an improved environment and a reduction in the potential risks posed by climate disruption and related liability.

We appreciate the massive amount of detailed and technical work that Commerce has invested in developing this proposal and in managing its related stakeholder process. We look forward to continuing to engage in this very important endeavor.

With Sincere Regards,



Rashad Morris  
Climate & Clean Energy Advocate

---

<sup>5</sup> Two other facilities—River Road & Coyote Springs 1—are older than 10 years, but still operating well below the proposed standard.

<sup>6</sup> This does not include the facility, Big Hanaford, operating as simple cycle.

<sup>7</sup> This calculation excludes the unbuilt proposed facility and the Big Hanaford facility being run as simple cycle.

<sup>8</sup> Approximately 10-11% of overall electricity serving Washington according to the Reliability & Costs Analysis.

<sup>9</sup> RCW 80.80.070(4)